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INW/AM-18

REVIEW OF INW RESPONSIBILITIES AS OUTLINED IN EDAC MEMO 27

1. Soviet Trade Tactics

EDAC Memo 27 states that INW Case No. 56 is "in progress". It has been generally agreed by INW that initiation of this project was desirable, but such initiation has been deferred pending completion of OIR and CIA contributions to NIE-100, "Soviet Bloc Capabilities for Economic Warfare." These two contributions have now been completed and are available to member agencies of the intelligence community. It has been considered advisable, however, to answer the specific questions posed in Case 56 by preparing a summary of pertinent material found in the OIR and CIA contributions to NIE-100. This information document will be furnished to INW and EDAC members.

2. Soviet Bloc Offers of Strategic Commodities to the West

EDAC Memo 27 lists several topics under current consideration by INW which are pertinent to this heading: item 3 - Soviet Bloc Trade Offers; item 4 - U.S. Policy on Soviet Bloc Trade Offers; item 5 - Appraisal of Soviet Offers of Chrome, Manganese, Platinum and Palladium to U.S.; item 32 - Danish Imports of Soviet Petroleum.

INW/R-14 (item 5, above) was furnished EDAC in response to the request of the EDAC Working Group on Economic Defense Programs and Policy. At the 3 December meeting of INW, the EDS member pointed out that this report did not "provide information on Soviet offers to free-world countries but was confined rather to current Soviet offers to the US, and did not contain statistical data comparing current offers with prewar and early postwar trade." At the 6 January meeting of the EDAC Working Group concerned, it was suggested that an additional effort should be made to assemble and present such information in tabular form. At the 7 January meeting of INW, the Chairman accepted this suggestion and indicated that an effort would be made in CIA to produce the desired information.

In response to requests from OSD, FOA, and MDAC, an INW case on "Soviet Bloc Offers of Petroleum and Petroleum Products to the West" (INW Case No. 72) has been set up. This study is being undertaken jointly by CIA and OIR. A deadline of 19 January has been established in CIA for contributions from elements of that Agency to the INW Secretariat.

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3. Licensing of Consumer Goods to the Soviet Bloc

Items 7, 8, and 63 in EDAC Memo 27 are relevant to this subject. IWG/AM-17 on "The Problem of Providing Intelligence for Licensing Consumer Goods to European Satellites" was distributed to IWG members on 3 December. IWG/M-54 of 8 December points out in part that "due to the complexity of this problem and its close relationship to the field of psychological warfare, guidance is required from EDAC along the lines of inquiry indicated in IWG/AM-17." Several members of IWG have suggested, furthermore, that consideration at some point should be given to the question of the advisability of the proposed program from the intelligence point of view. A CIA study on the availability of consumers' goods in the Soviet bloc (CIA/IR IM-382 of 15 December 1953) has been distributed to IWG and Executive Committee members. IWG/ID-20 of 24 December makes reference to this study and points out further that "it is the consensus of the IWG that the specific criteria for selection considered at the EDAC meeting would rule out most of the items or categories on the CIA list (those indicated as being in shortest supply in the bloc)." Further IWG action on this matter is being deferred pending a response to IWG/ID-20 from the Executive Committee.

4. External Financial Operations of the Soviet Bloc

As indicated in EDAC Memo 27, IWG Case 44 is "in progress." Five meetings of the IWG Subgroup have been held. At the meeting of 6 January, the report of the Subgroup was approved for early submission to the IWG. At the IWG meeting of 7 January, the Chairman commended the Subgroup for its energetic efforts to produce an intelligence study on this subject and indicated that an expression of appreciation would be sent to Mr. Thomas Page Nelson, Treasury, for the latter's helpful assistance and direction in this effort.

5. Application of Intelligence to Psychological Warfare Field

The IWG has established Case 62, "Intelligence Support for US Delegation to Eighth General Assembly of the United Nations, and Other International Forums." The OIR member reported at the 3 December (and 7 January) meeting of IWG that this case has been assigned to persons in State providing support for the Operations Coordinating Board and that a draft contribution on the subject would be submitted for IWG review. Item 9 of EDAC Memo 27 on "Criteria for Psychological Use of Trade and Trade Policies" is relevant in this regard. Indirectly related to this topic is the development and refinement of a list of consumer goods for licensing to the bloc (3, supra). Several IWG members have urged that close liaison be maintained with OCB on this matter.

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6. IWG Operating Procedures

EDAC Memo 27 calls attention to two problems of peculiar concern to IWG as pointed out in the first annual report of the IWG: (a) inadequate priorities for the collection of economic defense information, and (b) undue delay in the transmission of economic defense information from the field to Washington, and from the point of initial receipt in Washington to interested intelligence and action offices. (See IWG/AM-16, "Comments from Acting Chairman, Executive Committee, EDAC, on First Annual Progress Report of the IWG." The Acting Chairman suggested in these comments that it would be of value "if the IWG would submit for consideration by the Executive Committee a statement of these problems together with its recommendation for corrective action.")

These two points were considered at the IWG meeting of 7 January. The Chairman suggested that the matter of covert collection of economic defense intelligence was primarily a problem for CIA. No significant change has been made on this score in the last six months. Cut-backs in Foreign Service and FIA personnel in the field have reduced the covert collection effort. Regarding the entire problem of collection, attention is called to EDAC D-55a of 11 September 1953 which assigns responsibility to IWG for the following: "Review and revise reporting requirements and distribution (as applies to enforcement)".

With regard to the second point, IWG/ID-4, "Survey of Collection of Economic Defense Information in Western Europe" states in part that

"much of the (economic defense) intelligence is delayed in transmission, reproduction, and dissemination, thus limiting its use in enforcement and prevention. Communication with Washington is unduly slow. Even in the case of cables, the coding, decoding, reproduction and dissemination takes time. Airgrams, despatches and documents are necessarily slower."

The IWG discussion on this point clearly demonstrated that problems of classification, distribution personnel unfamiliar with EDAC needs, and circuitous methods of transmission are primarily responsible for the present slow handling of economic defense (and other) intelligence material. No definitive suggestions were made as to how these deficiencies could be corrected, but the Chairman indicated that an answer to the questions posed by the Acting Chairman, Executive Committee, would be prepared.

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7. Other IWG Projects and Papers Cited

In addition to the major intelligence problem listed in the foregoing, EDAC Memo 27 refers to the following:

Item 21 - Strategic Importance of Lead to Soviet Bloc - "Study in progress". For information, IWG/WP-5b (with Attachment I) is to be considered a completed paper, but not to be distributed as a final IWG report in the "R" series. Publication of this paper closed IWG Case 55.

Item 22 - The Bearing Situation in Soviet Bloc - "Study in progress". For information, an IWG document is soon to be published on this subject.

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Item 28 - ████ TV Transmitter Case. For information, IWG Case 71 has been set up on this problem on the subject of "Status and Capabilities of Soviet Bloc Application of TV Technology to Military Electronic Fields." An IWG Subgroup on Soviet Electronics has been established to produce intelligence on this subject for use of EDAC agencies.